



**Department of Revenue
Sales and Use Tax Division**

310 Trinity-Washington Building
Atlanta, Georgia 30334
Telephone: (404) 656-4060
December 17, 1999

T. Jerry Jackson
Commissioner

Phillip Embry
Director

Ms. Rosemarie Dunn
Contract Specialist
Services Acquisition Center
1941 Jefferson Davis Highway, Room 507
Arlington, VA 22202

Dear Ms. Dunn:

This is in response to your letter requesting the applicability of Georgia sales and use tax to purchases where payment is made with a Federal Government credit card.

The exemption provided for under O.C.G.A. § 48-8-3 (1) extends a sales tax exemption to employees of the federal government for charges on accommodations when paid to the seller by warrant on appropriated government funds. Thus a hotel should not collect the tax when the room charges are paid for directly by the Federal Government. However, the hotel should collect the tax when the individual pays for the room charges, even though the individual may be a city employee on official business and may later be reimbursed by the city.

The direct government payment requirement would be applicable to purchases paid with a government credit card when the credit card bills are paid directly by the Federal government. If the Federal government directly pays the credit card company's bill, all purchases would be considered exempt from Georgia's sales tax. Currently, this Division is aware that credit cards issued to the Federal government bearing a prefix of 5568, 4486 or 4716 with a six digit of 0,6,7,8 or 9 are directly paid by the Federal government. Purchases made with this type of credit card are exempt from Georgia Sales Tax and may be documented by the retention of the credit card number.

Purchases made with government credit cards that are issued to an employee, other than those described above, where the bill is paid by the employee and later reimbursed by the Federal Government are not exempt from sales tax. Most government credit cards are issued to the employee where the employee seeks reimbursement from the government.

I trust this response addresses your specific question related to the applicability of Georgia sales and use tax to Federal Government purchases made with credit cards. If you need any further assistance, please feel free to contact me at (404) 656-4060.

Sincerely,



Jon C. Galbraith
Administrative Specialist Senior

JCG/mcv